



Memorandum

Date: June 30, 2018

To: Maria Gayosso, Rebecca Roupp, and Scott Clark, City of Tucson

From: Sofia Lopez, Senior Program Manager, NALCAB

Re: Nonprofit Capacity Building Plan

Nonprofit service providers are often the primary delivery mechanism for services supported with entitlement funds. Nonprofits can extend the reach of city departments and fill gaps in services that municipalities cannot by leveraging philanthropic resources and their ties to community. As federal funding declines and demand for community-based services grows and additional needs are identified, the nonprofit sector faces growing challenges related to its capacity. This memorandum identifies opportunities for strengthening the nonprofit community development sector in Tucson, Arizona.

Through engagement with the City of Tucson and conversations with local nonprofit small business and community development organizations, NALCAB has identified the following strategies that the City should pursue to strengthen the capacity of this sector to provide services along the S. 12th Avenue corridor, and throughout Tucson:

- Enhance coordination and promote collaboration with the community development sector.
- Facilitate communication with the nonprofit community development sector.
- Strengthen the design of the City's community development programs and staff capacity.
- Increase access to capital through funder education and resource development planning.
- Support greater access to data.

Enhance Coordination and Promote Collaboration with the Community Development Sector

Throughout NALCAB's technical assistance engagement, the need for integration and collaboration between the City, nonprofit organizations, and communities has emerged as a recurring theme. No single entity can effectively address the community and economic development issues along the corridor by working in isolation. The La Doce Barrio Foodways Project is an example of what a collaborative model for the corridor can look like. The City can build on work like this to facilitate more coordination and collaboration. To do so, the City should identify a District Manager to lead this work—this is a specific staff person tasked with developing collaborative efforts along the corridor. Collaboration must be incentivized by linking it directly to new resources that are designed to address major challenges and leverage the corridor's unique opportunities. The following are examples of areas where the City might begin to build this sort of coordination and collaboration:

- Aligning a pipeline of qualified small businesses and entrepreneurs with small business lenders and technical assistance providers.
- Coordinating and aligning community services providers and activities.
- Developing a targeted approach to owner-occupied rehabilitation across a range of household incomes and utilizing both grant funds and private debt.
- Developing an approach to the utilization of city-owned properties.

Facilitate Communication with the Nonprofit Community Development Sector

As a best practice, NALCAB recommends that the City convene a professionally-facilitated, semi-annual meeting with the wide range of stakeholders in the nonprofit community development sector, including, but not limited to, organizations that specialize in microenterprise development, small business development, and affordable housing. NALCAB recommends participation from the City Manager's Office. Furthermore, the City should support strategic working groups related to specific community development priorities identified in the semi-annual meetings. As an example, during NALCAB's engagement, one specific priority identified was the need to connect entrepreneurs to technical assistance and to prepare business owners to take on loan capital to scale their business or enhance their building.

Through these convenings, the City should seek to receive community input related to the needs and capacity gaps of local nonprofits, small businesses, and community members. Based on this input, the City should assume the role of funder and supporter by aligning grant-capital with the needs and capacity gaps in order to catalyze economic development within the corridor. To implement the semi-annual convenings, NALCAB recommends the City first identify and seed the creation of a District Manager to serve as the liaison between city staff and the community of La Doce.

NALCAB also recommends that the City solicit input from community development experts regarding its funding priorities and decisions, beginning by presenting its annual plan for the expenditure of entitlement, state, and local funds at one of these semi-annual meetings.

Strengthen the Design of the City's Community Development Programs and Staff Capacity

NALCAB received feedback from city staff and nonprofits that the design and allocation process for entitlement programs and funding was unclear. It is not apparent that the City has a documented process for awarding entitlement funding for community development and affordable housing projects. During this assignment, NALCAB reviewed the City's Consolidated Plan, but was unable to understand the decision-making and funding process for entitlement funding. Consequently, NALCAB's suggests the City prioritize the following tasks:

- Design and publish a clear process for allocating entitlement funds, so that nonprofits understand how decisions are made and can better align their efforts to the City's resources.
- Create strategies for leveraging existing city resources with other public funds and private resources from foundations, financial institutions, and corporations for greater impact and increased funding.
- Align the City's entitlement funding priorities with nonprofit partner pipeline projects.

As a next step, NALCAB recommends that the City design and implement an internal training and development plan with the goal of ensuring city staff have the capacity and knowledge to design and implement new processes and better identify technical assistance needs among nonprofit partners. Furthermore, NALCAB recommends that the City follow this up by designing and implementing an external training plan to ensure nonprofits and potential subrecipients understand new City processes.

Increase Access to Capital Through Funder Education and Resource Development Planning

Regardless of the operational capacity of a given organization, most of the nonprofit and community development organizations in Tucson struggle with accessing capital to implement their projects and programs. Beyond providing funding, the City has a powerful role to play in educating and leveraging other funders and investors. The following are suggestions for how the City can actively play this role:

- Convene a funder’s roundtable in Tucson—potentially in collaboration with the Federal Reserve Bank of San Francisco—that targets banks with obligations under the Community Reinvestment Act with the goal of coordinating their investments with City priorities and funding.
- Align the priorities that come from the funder’s roundtable with the priorities that emerge from the semi-annual community development nonprofit meetings—suggested above in the section titled, *Facilitate Communication with the Nonprofit Community Development Sector*.
- Support technical assistance to nonprofits to create resource development plans and write specific funding applications.

Provide Greater Access to Data

Access to real estate, demographic, and socioeconomic data can help nonprofits expand their impact by providing them with information they can use to prioritize investments and services based on market trends and community needs, identify opportunities for expansion, raise more philanthropic funds, and improve alignment with public sector investments and development plans. NALCAB recommends that the City create an online community development data hub that provides public, user-friendly access to data. The City can create this hub itself or partner with an outside organization, such as the University of Arizona. In addition to demographic and socioeconomic data collected through Federal and State agencies, the City should also collect, analyze, and publish the following on an ongoing basis:

- Location, type, and amount of all public investment.
- Residential and commercial real estate sales volumes and prices (aggregated and averaged by Census Tract on a quarterly or annual basis).
- The change in key demographic and real estate market indicators, by Census Tract, over five- or ten-year intervals, including income, race/ethnic composition, property sales prices, and rents.
- Subsidized residential properties with affordability covenants that will expire within the next 5 years.